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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 29 November 1977 CG NIDC 77/276C

State Dept. review
completed

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National Intelligence Daily Cable for Tuesday, 29 November 1977.

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The NID Cable is for the purpose of informing senior US officials.

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Netherlands
USSR

MIDDLE EAST: Diplomacy

25X1 [] Israeli Prime Minister Begin's speech to the Knesset yesterday contained no surprises or hints of greater flexibility. Begin did little more than recount the public events of the past two weeks and reiterate his desire for peace and for negotiations with all of the Arabs, except the Palestine Liberation Organization.

25X1 [] Begin repeated his agreement--this time formally--to hold an informal meeting in Cairo to prepare the way for the Geneva peace conference. He also named two senior bureaucrats to represent Israel, at least initially, at the talks.

25X1 [] Both Begin's speech and his choice of representatives reflect Israel's decision apparently to take a cautious approach for now to Egyptian President Sadat's public initiatives. Begin and Foreign Minister Dayan have repeatedly sought to lower public expectations in Israel by insisting that Sadat's visit to Jerusalem does not mean that Israel must make substantive concession in return and that differences still remain to be resolved through negotiations. Indeed, Dayan has deliberately sought to blur the distinction between a concession that would help reduce Arab suspicions that Sadat is seeking a separate peace agreement and one meant only to reward Egypt.

25X1 [] By responding in low-key ways, Begin and Dayan may be hoping to reduce public pressures on them to move faster and further than they are now prepared or perhaps able to go in making concessions. At the same time, they wish to appear responsive to Sadat but avoid charges from Israeli hard-liners that they have given up too much in advance of real negotiations.

25X1 [] According to one usually well-informed Israeli correspondent, the Israeli Defense Ministry is preparing working papers in anticipation of the talks in Cairo. The working papers reportedly take for granted that Sadat cannot conclude a separate agreement with Israel now and that Israel must come up with some new ideas to resolve the Palestinian problem. The correspondent suggested that the Israelis might formulate compromise proposal somewhere between Dayan's functional plan for the West Bank and the demand for Palestinian autonomy.

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[] Because of Libya's negative reaction to Sadat's diplomatic initiatives, the Egyptians are apprehensive about Libyan President Qadhafi's future moves. The Egyptians probably do not foresee a resumption of hostilities along the border, but they are taking the precaution of keeping a sizable military force in the area.

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JAPAN: Cabinet Posts Shuffled

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[] Japanese Prime Minister Fukuda's reshuffle of cabinet posts over the weekend has strengthened the lineup of his economic policymakers and his control of the ruling Liberal Democratic Party. Fukuda advanced his timetable for the cabinet changes, which were expected next month, in part to organize his new team before responding to recent US proposals for correcting Japan's growing trade surplus. The Prime Minister in fact suggested last week that several economic initiatives are in the offing and he may well announce some of them in the next few days.

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[] Fukuda's primary objective was to strengthen the cabinet's economic portfolios.

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[] Tatsuo Murayama, the Finance Minister, is an economist and a close confidant of Fukuda. He is certain to follow the Prime Minister's lead in guiding the Ministry, which is the heavyweight in the Japanese economic policymaking establishment.

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[] Toshio Komoto, the new International Trade and Industry Minister, is one of the ruling party's most effective brokers with the business community. Komoto, who has long supported the business community's call for more economic stimulation, has

previously clashed with Fukuda over the Prime Minister's reluctance to push a more reflationary approach. Fukuda may hope, however, that Komoto can use his connections to win business support for a compromise approach to economic policy.

25X1 [] Ichiro Nakagawa, the Minister of Agriculture and an agriculture policy specialist, has long been an outspoken conservative advocate of Japanese interests. Given the current pressures to liberalize Japan's agricultural trade policies, Fukuda may well have selected him for the politically sensitive post in part to smooth the way for any policy changes with rural voters, who strongly support the Liberal Democrats.

25X1 [] Kiichi Miyazawa, Director of the Economic Planning Agency, is an economic policy specialist. A former Foreign Minister and Director of the planning agency, Miyazawa is likely to strengthen the Agency's role as the mediator in the government's internal policy disputes and also serve as a general spokesman for Japan in international forums.

25X1 [] Fukuda's leverage in policy debates is likely to be strengthened by his selection of Sunao Sunoda as Foreign Minister and Nobuhiko Ushiba, a former ambassador to the US, as Minister without Portfolio. Sonoda, one of Fukuda's senior lieutenants, has played an active role--resented by Foreign Ministry officials--as the Prime Minister's chief cabinet secretary in negotiations with both Peking and Moscow. He is certain to continue to operate in controversial style as Foreign Minister.

25X1 [] Ushiba, who is charged with coordinating international economic policy, is also a long-time Fukuda adviser. Because he has experience in dealing with the US, he is likely to become one of the government's key contact men in any international negotiations.

25X1 [] Fukuda's new cabinet maintains a rough balance among the Liberal Democrats' internal factions--including those of party Secretary General Ohira and former Prime Minister Tanaka, the two leaders whose support brought Fukuda to power last December. Even so, Fukuda has strengthened his intra-party position by naming his former rival, Yasuhiro Nakasone, as one of the Liberal Democratic Party's senior executives.

25X1 [] Fukuda is certain to continue depending on Ohira as his primary political ally, but the Prime Minister almost

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certainly regards his ties with Nakasone as added insurance should there be any attempt next year to mount a direct challenge to unseat him. [redacted]

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ETHIOPIA-SOMALIA: Situation

25X1 [redacted] //Ethiopian forces reportedly still controlled the key stronghold of Harar in the Ogaden Region yesterday, although chances are probably better than ever that the city will fall to the Somalis soon. The loss of Harar would cause Ethiopian military men who are already critical of the ruling council to question its leadership even more. A serious threat to the council's survival, however, would probably take time to develop, and the council would have at least an even chance of remaining in power in the near term even if Ethiopia suffers a serious military defeat in the Ogaden or Eritrea.

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25X1 [redacted] //The Egyptian military attache in Somalia, Colonel Halim, told the US Ambassador on Sunday that the Somalis have a 75-percent chance of taking Harar. He did not believe, however, they would meet their timetable of completing the offensive by Saturday.//

25X1 [redacted] //According to Halim, the Somalis have not cut the road from Harar to Dire Dawa but can control traffic because they hold positions in the nearby hills. He thought the Ethiopians might leave their forces besieged in Harar rather than attempt to withdraw them. The Somalis reportedly have lost many men but not much equipment during the two-week attack.

25X1 [redacted] //A small Ethiopian counteroffensive along the rail line from Dire Dawa late last week reportedly stalled some 30 kilometers northeast of the city when the attackers ran into Somali units. Another Ethiopian attempt to relieve Somali pressure on the Harar - Dire Dawa road apparently also failed.//

25X1 [redacted] These Ethiopian attacks seem to be tactical responses to the Somali assault on Harar rather than the beginning of a concerted counteroffensive. For several weeks the Ethiopians have been planning a counterdrive into Somalia but the Somalis appear to have regained the momentum, and a concerted Ethiopian counterassault this year does not appear likely.

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25X1 [] Dissatisfaction within the Ethiopian military, though widespread, is unfocused. Some military personnel disagree with the council's political program, especially its socialist domestic policies, while others criticize its ineffectiveness in meeting the threat from Somalia.

25X1 [] Dissidence is most evident among the troops in Eritrea, and--to a lesser extent--among those in the Ogaden. In Eritrea, many of the military personnel are weary of fighting a war they believe cannot be won. In the Ogaden, there is friction between the regular army and the recently formed people's militia. Regular army officers are also angry over the council's attempt to place political cadres among their commands. Shortages of rations and military supplies have damaged morale.

25X1 [] It is difficult to gauge the extent of militant opposition to the council. Those people who do oppose the council and Chairman Mengistu are not united and are leaderless. Successive purges have eliminated most of the officers likely to mount a serious challenge to Mengistu. The swift execution of Mengistu's opponents has no doubt cowed other would-be plotters. Many of the remaining officers either support Mengistu or lack the talent or desire for political intrigue.

25X1 [] Even those antigovernment officers and troops who might seriously consider moving against Mengistu would face the possibility that others might accuse them of further weakening Ethiopia's military effort against the Somalis and the Eritreans. Whatever their attitude toward the council, many officers are still reluctant to risk starting a civil war.

25X1 [] If the troops in the Ogaden or Eritrea suffer a humiliating defeat, however, they could react emotionally and demand the council's ouster. They might be joined by units in Addis Ababa that so far have remained loyal to Mengistu. It is possible that in such a situation none of the contending military

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factions would be able to gain decisive control of the government quickly, and Ethiopia's ability to counter the Eritreans or the Somalis would be further weakened.

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USSR: Sakharov Wants to Visit US

Dissident spokesman Andrey Sakharov told the US Embassy in Moscow yesterday that Soviet authorities have refused to accept his request to visit the US. He has been invited by George Meany to attend the AFL-CIO meeting in Los Angeles next month. Unlike December 1975, when the USSR denied him permission to receive the Nobel Peace Prize on the grounds that he had past access to state secrets, Soviet officials this time merely said the invitation was "improper" and left open the possibility that they may grant Sakharov an exit permit.

Sakharov said authorities told him the invitation must be to him as Meany's personal guest, not as a participant in a meeting "which did not have permanent character." Sakharov added that if he receives an invitation that satisfies the authorities, he intends to try again to obtain exit documentation for himself and his wife. Mrs. Sakharov returned to Moscow from Italy last week after the Soviets denied a further extension of her exit visa that enabled her to obtain medical treatment this fall.

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[] The fact that Sakharov is making a request for foreign travel--knowing that he could be barred from returning home--is another sign that his past determination to stay in Moscow in order to carry on his struggle against Soviet authorities may be weakening. A Western newsman recently quoted Sakharov as saying that dissidents who have a chance to leave the USSR "must" do so. Earlier this month, the Soviets permitted prominent dissident and former general Petr Grigorenko to visit the US. []

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POLAND: Gierek Arrives in Rome

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[] *//Polish party leader Gierek arrived in Rome yesterday for a four-day official visit. Although he will hold talks with Prime Minister Andreotti and Italian Communist Party officials, the highlight of the trip will be his private audience with Pope Paul on Thursday.//*

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[] *//The Vatican and the ailing Polish Primate, Stefan Cardinal Wyszynski, have carefully coordinated the approach to be taken toward Gierek. Wyszynski has been in Rome for three weeks and has undoubtedly conveyed to the Pope his concern about Poland's internal tensions.*

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[] The Vatican will also assert its and Cardinal Wyszynski's interest in greater freedom for religious education, more church building permits, and greater access for the Polish Catholic church to the media. Gierek can already claim that his government has issued at least 18 new building permits, and he may indicate a willingness to consider other concessions. He hopes to garner support at home from this trip and will want the atmospherics to be good.

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[redacted] In Warsaw, the US Embassy has noted a sudden increase in meat available in the metropolitan area and attributes this to efforts by the government to calm consumer tensions. Normally, the government releases extra supplies to the market several weeks before Christmas. This year's early efforts indicate how serious it sees the public mood. The increase in meat supplies has coincided with a larger than usual number of police patrolling the streets. [redacted]

WEST GERMANY: Schmidt's Diplomacy

[redacted] //West German Chancellor Schmidt's official visit to Poland last week appears to have been a mild diplomatic success, although he signed few new agreements. This week the West German leader will meet with Italian Prime Minister Andreotti to discuss economic issues and terrorism.//

[redacted] //According to the communique issued in Warsaw, Schmidt and Polish leader Gierek concentrated on improving bilateral relations by stressing mutual "intentions" toward a number of issues, including disarmament, nonproliferation, East-West cooperation, development aid to the Third World, and efforts to achieve unbiased education in their respective school systems. The latter initiative is intended primarily to weaken Polish animosity toward Germans.//

[redacted] //The two leaders signed a memorandum calling for increased economic cooperation among medium and small industries in both countries, but no financial agreements were announced. One proposal that might lead to a promising East-West venture was a suggestion that West Germany and Poland cooperate on joint industrial projects in third countries. Such cooperation might open the door to similar arrangements between other countries in Eastern and Western Europe. The two leaders also expressed interest in cooperation in the electric power field.//

[redacted] //While admitting that both countries were tied to their respective mutual defense organizations, Schmidt emphasized that Poland and West Germany share a common concern about the arms race and that both have worked toward arms limitation in Europe. He said that it is inevitable that the Poles and West

[redacted]

Germans "will play an outstanding role in the Vienna talks," but he waffled when asked whether the two countries might present a coordinated position at the force reduction talks.//

25X1 [redacted] Press reaction in West Germany to the trip was generally favorable, but the opposition in Bonn scored the Chancellor for ignoring the question of human rights in Poland. It is doubtful, however, that the opposition can do much to destroy the impression that the visit was a mild success. One news commentator reminded Helmut Kohl, leader of the opposition Christian Democrats, that he was invited to accompany Schmidt to Poland but elected to stay home.

25X1 [redacted] Schmidt's visit to Italy originally was scheduled for August but the escape from an Italian prison of a Nazi war criminal temporarily soured bilateral relations, and the visit was postponed. Schmidt and Andreotti are scheduled to meet in Verona in turbulent northern Italy, and some demonstrations are likely. [redacted]

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GREECE: New Cabinet Named

25X1 [redacted] *All members of Greek Prime Minister Caramanlis' new cabinet, appointed yesterday, come from his New Democracy Party. Earlier reports suggested that Caramanlis might form a coalition government with the Union of the Democratic Center, which dropped to a distant third in the balloting, but some leaders of the Union apparently resisted joining the government because they feared the party would lose its identity altogether.*

25X1 [redacted] Some ministers served in the previous government, although most now have different portfolios. To recoup some of the losses his party suffered at the polls, Caramanlis appointed a few new men to ministries that have frequent contact with the public.

25X1 [redacted] The most significant transfer of portfolios was in the "inner cabinet." Minister of Coordination Panayiotis Papaligouras replaced Demetrios Bitsios as Foreign Minister, while Minister of Education George Rallis took over the Coordination portfolio. Defense Minister Evangelos Averof, who has served as a bridge to the military, continues in office.

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[] In an apparent effort to avoid alienating these three men--one of whom might possibly succeed him--Caramanlis filled one of the two positions of Deputy Prime Minister with Constantine Papaconstantinou, a respected party elder and formerly President of Parliament. The other slot remains vacant.

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[] A new ministry with special responsibility for relations with the European Community was also created, indicating that Caramanlis expects to devote much attention to negotiations for EC membership during his second term in office. []

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NAMIBIA: SWAPO Settlement Talks

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[] *Leaders of the South-West Africa People's Organization on Sunday rejected a proposal by the Western contact group for resolving the impasse between SWAPO and Pretoria over the South African military presence in Namibia.*

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[] The SWAPO leaders again demanded that all South African troops be withdrawn before a preindependence election is held. They did this despite warnings that SWAPO must compromise on the troop issue in order to obtain an overall agreement on an independence program for Namibia. South African Prime Minister Vorster has insisted that 4,000 men remain until an independent government is established; the contact group has proposed a residual force of 1,500.

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[] Conceivably, the SWAPO leaders intended their adamant statement as a tactic preliminary to hard bargaining.

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[] Although Nujoma said on Sunday that SWAPO was not closing the door to further negotiations, the contact group doubts that SWAPO will accept any South African residual force unless the presidents of the frontline countries exert concerted pressure on SWAPO's leadership.

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[] Since the contact group met with Nyerere on 21 November, Presidents Khama of Botswana and Kaunda of Zambia also have expressed qualified support for the Western settlement package. On the other hand, Angolan President Neto, who holds relatively more leverage over SWAPO, has put off meeting the contact group until Angola's ruling Popular Movement concludes its first party congress, which begins Sunday. []

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CHINA-YUGOSLAVIA: Party Relations

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[] China and Yugoslavia apparently are establishing party-to-party relations. While there was no official announcement of the move--and none is likely--an official Chinese message yesterday on the occasion of Yugoslavia's national day extended warm congratulations to the "League of Communists of Yugoslavia and the Yugoslav government and people" on behalf of the "Communist Party of China and the Chinese people." Chairman Hua Kuo-feng sent the message in his dual capacities as head of the Chinese Government and party to President Tito, who holds equivalent posts.

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[] The two countries decided to move ahead with party relations in September during a visit to China by President Tito, who has long been eager to balance Yugoslavia's party ties with the USSR. The move reflects Chinese desires to improve their relations with Belgrade before Tito dies. The Chinese are concerned that Tito's death will create openings for the USSR to expand its influence in Yugoslavia. In this sense, mutual opposition to Soviet dominance rather than any resolution of ideological differences has provided the basis for the establishment of party ties.

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[] Domestic and foreign policy considerations are behind the cautious manner in which Peking is easing into the new relationship with Belgrade. The move is a reversal of the position taken by Mao Tse-tung, who sided with Moscow during the Soviet-Yugoslav break in 1948. Mao persisted in his opposition to Yugoslav "revisionism" despite China's own split with the Soviets a decade later. Any alteration of a policy so closely identified with Mao is clearly a matter of some delicacy for the current Chinese leadership.

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[REDACTED] The establishment of party ties with Yugoslavia will create additional problems for China in dealing with Albania--which remains ideologically opposed to Yugoslavia--and could prompt additional defections of Communist splinter parties from the Chinese side to the Albanian side. Anticipation of such complications may in part explain why China early this month published a comprehensive and authoritative ideological justification of its foreign policy. [REDACTED]

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VENEZUELA: Anti-Insurgent Activity

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[REDACTED] //The Perez administration in Venezuela is intensifying its efforts to eliminate growing insurgent activity in the eastern states of Anzoategui and Monagas by stationing four additional ranger battalions in the area. [REDACTED]

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[REDACTED] //The government's embarrassment over its inability to eliminate the 150 to 200 guerrillas was heightened last week when an army patrol suffered six killed and five wounded in an ambush. [REDACTED]

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[REDACTED] Unless the government can regain control soon, more drastic measures may be necessary. Some military leaders believe that the guerrillas are feeling confident enough to take on army and national guard units at will. They are also concerned that the insurgents may be planning to increase their activity--possibly even opening a "second front" in the western states--to coincide with the formal start of the general election campaign early next year. [REDACTED]

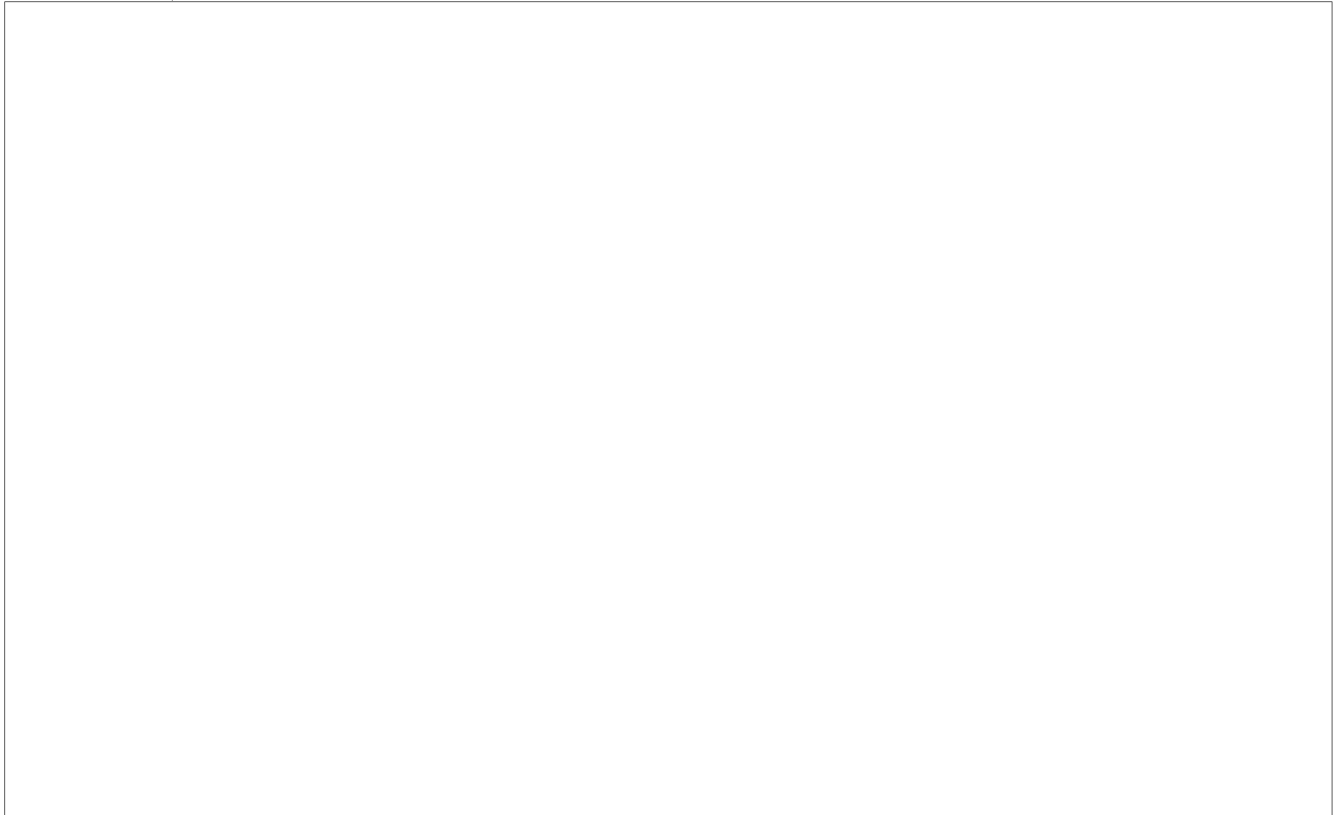
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BRIEFS




Netherlands

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 //The Dutch Army reportedly favors the West German - made Leopard II tank as a replacement for the older British-built Centurions it now has. Although they have not ruled out any options, defense officials may decide before the end of the year to buy some 400 of the new West German tanks when they become available, rather than the earlier model Leopard I or the US-built XM-1 that is still being tested.//

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 //According to a Dutch military attache in Bonn, the Dutch favor the Leopard II over the XM-1 because it will probably be available by 1979, at least a year before the XM-1; it will be armed with a 120-mm gun, versus what most likely



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will be a 105-mm gun on the US tank; and its acquisition will allow the Netherlands and West Germany to exchange tank parts. The Dutch also are influenced by the belief that they can get an attractive price from the West Germans, who are buying 1,800 for their own army.//

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//Purchase of the Leopard II would place a heavy burden on the treasury. Defense Minister Stemerdink has said that he would oppose buying fewer tanks simply to save money, although last summer he implied the Netherlands might have to drop other defense programs to guarantee funds for the expensive tanks. The Dutch tank force currently includes about 350 Centurions with 105-mm guns, more than 450 Leopard I tanks, and a number of older or obsolete Centurions.//

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USSR

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The Soviets have been negotiating with a US firm since last spring to buy production technology for coatings needed for gas turbine engines with higher corrosion resistance and higher turbine inlet temperatures than those the Soviets now produce.

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The coatings would be used to produce marine, aircraft, and industrial gas turbine engines; the Soviets use such power plants on several classes of high-speed naval ships and aircraft. Increasing the corrosion resistance of marine gas turbine engines permits longer operating times between overhauls and engine changes. Increasing the turbine inlet temperatures increases engine efficiency and allows a longer operating range.

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